

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2021-193-E - ORDER NO. 2021-499

JULY 26, 2021

IN RE: Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Authority to Transfer Intercompany Assets and for Approval of Accounting Authority)	ORDER AUTHORIZING TRANSFER OF INTERCOMPANY ASSETS
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This matter comes before the Public Service Commission of South Carolina (“Commission”) on the joint Application of Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (together, the “Companies”) pursuant to S.C. Code Ann. §§ 58-27-1300 and 58-27-2090, S.C. Code Ann. Regs. 103-823, and other applicable rules and regulations of the Commission, for approval of certain intercompany transactions solely between DEC and DEP for rotatable fleet spare (“RFS”) components in anticipation of scheduled maintenance outages to begin in August 2021.

The Companies seek to coordinate and optimize the management of their respective RFS inventories and create potential maintenance outage cost savings through the transfer of RFS parts between them at fair market value. The Companies also seek approval, pursuant to S.C. Code Ann. § 58-27-1540, of the related accounting treatment. In order to account for the difference between the transfer price (i.e., market value) and cost of the RFS assets, the Companies also request authority to use Federal Energy Regulatory Commission (“FERC”) Uniform System of Accounts account 182.3 (Other Regulatory Asset) and account 254 (Other Regulatory Liability) as described herein. Finally, because

the proposed transfer is in anticipation of scheduled maintenance outages to be performed beginning in August 2021, the Companies request a final order from the Commission on or before July 30, 2021.

The Companies assert that the proposed transfer would result in more efficient use of equipment in inventory and reduce inventory costs, and the Commission has previously approved similar transfers of RFS and the associated accounting treatment as being consistent with the public interest.¹ The request for relief set forth within the Application would not involve a change to any of the Companies' retail rates or prices at this time or require any change in any Commission rule, regulation, or policy. In addition, the issuance of the requested accounting order would not prejudice the right of any party to address the prudence of these costs in DEC's or DEP's next general rate case proceeding.

S.C. Code Ann. § 58-27-1300 provides that an electric utility must obtain Commission approval prior to transferring or consolidating utility property with a fair market value greater than \$1 million. S.C. Code Ann. § 58-27-1300 (2015). Thus, there is no disadvantage to allowing the Companies to properly account for the at-market transfers.

The relief requested by the Companies does not involve a change to any DEC or DEP rate or tariff. As a result, consistent with S.C. Code Ann. § 58-27-870(F), the Companies believe neither notice to the public, nor a hearing is required. Furthermore, the Office of Regulatory Staff does not oppose the Application.

¹ Order No. 2018-830, Docket No. 2018-389-E (Dec. 19, 2018); Order No. 2018-554, Docket No. 2018-233-E (Sept. 18, 2018); Order No. 2018-268, Docket No. 2018-120-E (Apr. 11, 2018); Order No. 2016-523, Docket No. 2016-252-E (Aug. 2, 2016); Order No. 2015-630, Docket No. 2015-293-E (Aug. 26, 2015).

Accordingly, based upon consideration and review of the information and filings in the record, we state the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. The Companies seek approval of certain intercompany transactions solely between DEC and DEP for rotatable fleet spare (“RFS”) components in anticipation of scheduled maintenance outages to begin in August 2021.

2. The Companies also seek approval of the related accounting treatment.

3. In order to account for the difference between the transfer price (i.e., market value) and cost of the RFS assets, the Companies also request authority to use Federal Energy Regulatory Commission (“FERC”) Uniform System of Accounts account 182.3 (Other Regulatory Asset) and account 254 (Other Regulatory Liability).

4. The request for relief set forth within the Application would not involve a change to any of the Companies’ retail rates or prices at this time or require any change in any Commission rule, regulation, or policy.

5. The proposed transfer would result in more efficient use of equipment in inventory and reduce inventory costs.

6. The issuance of the requested accounting order would not prejudice the right of any party to address the prudence of these costs in DEC’s or DEP’s next general rate case proceeding.

CONCLUSIONS OF LAW

1. S.C. Code Ann. § 58-27-1300 provides that an electric utility must obtain Commission approval prior to transferring or consolidating utility property with a fair

market value greater than \$1 million. The value of the RFS components to be transferred in this case exceeds \$1 million.

2. Pursuant to S.C. Code Ann. § 58-27-1540, the Companies requested that the Commission approve the use of FERC accounts 254 and 182.3 for the used RFS asset transfers at market value, which are appropriate for use in this case.

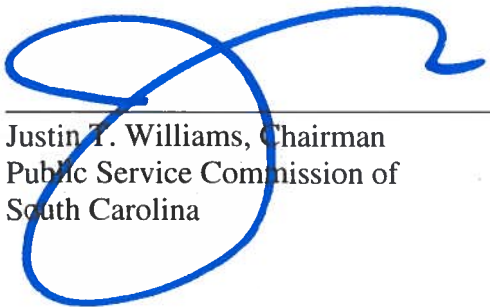
3. Consistent with S.C. Code Ann. § 58-27-870(F), neither notice to the public nor a hearing is required.

ORDERING PARAGRAPHS

We have reviewed the Companies' Application and find that the requested relief is consistent with the public interest and is consistent with the law. Therefore, we grant the requested relief and authorize DEC and DEP to transfer the RFS assets between themselves and to approve the use of Uniform System of Accounts 182.3 and 254 for purposes of accounting where appropriate.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission of
South Carolina